

DAILY BULLETIN

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BUSH WELCOMES NEWLY FORMED IRAQI INTERIM GOVERNMENT

Calls appointed leaders patriots who will work for Iraq's future

President Bush said the naming of Iraq's new interim government brings Iraqis one step closer to realizing their dream of "a fully sovereign nation with a representative government that protects their rights and serves their needs."

Speaking at the White House June 1, Bush said the 33-member cabinet, announced by U.N. Special Envoy to Iraq Lakhdar Brahimi, "possesses the talent, commitment and resolve to guide Iraq through the challenges that lie ahead."

"The foremost tasks of this new interim government will be to prepare Iraq for a national election no later than January of next year, and to work with our coalition to provide the security that will make that election possible," he said.

Bush said he appreciated statements by Iraq's new Prime Minister Iyad Allawi thanking the United States for its sacrifices in the country and declaring that the Iraqi government will work with coalition forces to help secure the country.

When asked if he was troubled by statements made by the new president, Ghazi al-Yawar, that were critical of the United States, Bush responded the new Iraqi government is "first and foremost, loyal to the Iraqi people."

[T]hese men are patriots, men and women are patriots who believe in the future of Iraq. And if there is some criticism of the United States, so be it. The end result is a peaceful Iraq in the heart of the Middle East," he said.

But, Bush added, those leaders will have to demonstrate to their fellow citizens that "they're independent, smart, capable, nationalistic, and believe in the future of Iraq."

The president acknowledged that he does not expect a major commitment of new troops to the coalition in Iraq, and that there would likely be more violence in the country.

However, he said the interim government, which includes six women, will need help, and "we're willing to be a participant in helping them get to the elections" by continuing to provide security and undertake reconstruction projects.

Turning to the Middle East region as a whole, Bush said the war against terrorism is a war against people with a "perverted vision about what the world should look like," rather than against Islam or Arab civilization.

He said the United States seeks to work with reformers in the region "on education processes that teach people to read and write and add and subtract, not to hate."

Bush said the reforms would be in "their image" with "the help of the free world," and would aim at building free and democratic societies less likely to foster terrorism.

The president also called upon the Sudanese government to accommodate international relief agencies and donors in allowing humanitarian aid to flow to the western part of the country. Welcoming peace accords the government signed with southern rebels, he said the United States is watching the government "very carefully, [concerning] the hunger, the brutal human conditions in the western part of their country."

U.S., SWITZERLAND WORK TOGETHER TO CHOKE OFF TERRORISTS' FUNDS

Statement by Treasury Department's Zarate on U.S., Swiss efforts

U.S. Treasury official Juan Zarate said the United States has a "strong working relationship" with the Swiss government in the effort to block terrorist groups' access to funds, and he commended Switzerland's "efforts on a number of fronts, including the finding and freezing of Iraqi assets."

Zarate, the deputy assistant secretary for terrorist financing and financial crimes, spoke following a meeting with Swiss officials May 27.

"We have asked our Swiss counterparts, and continue to urge our partners around the globe, to remain focused on choking off dollars that fuel terrorist agendas," he said.

Following is a Treasury Department press release with Zarate's statement:

U.S. Department of the Treasury
May 27, 2004

STATEMENT OF DEPUTY ASSISTANT SECRETARY FOR TERRORIST FINANCING AND FINANCIAL CRIMES JUAN ZARATE

-- Juan Zarate, the Treasury Department's Deputy Assistant Secretary for Terrorist Financing and Financial Crimes, made the following statement yesterday upon the conclusion of meetings with Swiss officials engaged in the global effort to halt terrorist financing:

"Today's meetings with our Swiss counterparts allowed us to further delve into the important work underway and the challenges we face in the financial war on terror. In discussions with key Swiss officials, we reaffirmed the efforts that have reaped important successes and bolstered our collective commitment to adapt our attack to the changing face of terror. These ongoing efforts remind us that we are truly engaged in a global campaign to cut the financial ties to terrorist activity.

"We have maintained a strong working relationship with our Swiss counterparts and commend their efforts on a number of fronts, including the finding and freezing of Iraqi assets. It was with great pleasure that we received word that last week Switzerland established a critical

measure putting the wheels in motion to repatriate frozen Iraqi assets to the Development Fund for Iraq (DFI).

“We have asked our Swiss counterparts, and continue to urge our partners around the globe, to remain focused on choking off dollars that fuel terrorist agendas. Though our worldwide efforts have made it harder and more costly for al Qaida and other like-minded terror groups to raise and move money, we cannot be satisfied.

“The United States remains steadfast in working methodically with our Swiss partners and those around the world committed to preventing and ending acts of terror.”

U.S. NOTES FIRST ANNIVERSARY OF PROLIFERATION SECURITY INITIATIVE

More than 60 governments now participate, White House says

More than 60 nations have joined with the United States in the Proliferation Security Initiative (PSI) to combat the trade in weapons of mass destruction, the White House announced June 1.

Announced by President Bush in May 2003, PSI currently focuses on taking practical steps to interdict proliferation shipments of weapons of mass destruction (WMD), delivery systems, and related materials at sea, in the air, or on land. Bush proposed in February 2004 that participants in the PSI and other willing nations expand their focus and use Interpol and other mechanisms for law enforcement cooperation to take additional actions to pursue proliferators and end their operations.

Following is the text of the statement:

STATEMENT BY THE PRESS SECRETARY Proliferation Security Initiative

The United States welcomes the participation of more than 60 nations from across the globe in the first anniversary meeting of the Proliferation Security Initiative (PSI), held in Krakow, Poland. One year ago, in announcing this initiative, President Bush emphasized the need for the international community to act effectively to stop the trade in weapons of mass destruction (WMD) and their related components.

Today’s meeting highlights the success of PSI in building a global network of countries willing to cooperate to prevent rogue states and non-state actors from acquiring WMD, interdicting shipments at sea, in the air, and on land. PSI supporters are committed to take action, consistent with their national legal authorities and international law and frameworks, to disrupt this deadly traffic and to prosecute proliferators and bring them to justice. PSI has already achieved great success and now plays a central role in our overall efforts to counter WMD proliferation.

U.S., CENTRAL ASIAN COUNTRIES SIGN TRADE AND INVESTMENT PACT

TIFA creates regular forum to address regional trade issues

Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan joined with the United States June 1 in signing a Trade and Investment Framework Agreement (TIFA).

The pact creates a United States-Central Asia Council on Trade and Investment that will consider such issues as intellectual property, labor, environmental issues, and “enhancing the participation of small and medium-sized enterprises in trade and investment,” according to a June 1 statement by the Office of the United States Trade Representative (USTR).

The signing ceremony in Washington included U.S. Trade Representative Robert Zoellick and the ambassadors to the United States from the five Central Asian countries.

Following is the Office of the USTR statement:

UNITED STATES AND CENTRAL ASIAN COUNTRIES SIGN REGIONAL TRADE AND INVESTMENT FRAMEWORK AGREEMENT

WASHINGTON - U.S. Trade Representative Robert B. Zoellick and representatives from the five Central Asian countries, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmen-

istan, and Uzbekistan, signed a Trade and Investment Framework Agreement (TIFA) today that will provide a forum to address trade issues and will help enhance trade and investment between the United States and Central Asia.

“More than a decade after independence in Central Asia the countries in the region are exploring new ways in which to open and liberalize trade. The United States is pleased to be a partner in this historic agreement with the five Central Asian countries” said Zoellick.

“The objective of the TIFA is to increase and diversify trade and investment opportunities between the United States and Central Asia. We look forward to working closely through the TIFA to further strengthen our bilateral economic relationships and our relationship with the region as a whole” commented Zoellick.

“The TIFA will also provide a regular forum in which to address regional trade issues that hamper intra-regional trade and economic development and can act as impediments to investment. The TIFA will not only deepen our economic relationship with the Central Asian countries but will also create stronger trade ties among the five countries in the region” added Zoellick.

Joining Zoellick in signing the agreement were Kazakh Ambassador to the United States Kanat Saudabayev, Kyrgyz Ambassador to the United States Baktybek Abdrysaev, Tajik Ambassador to the United States Khamrokhon Zaripov, Turkmen Ambassador to the United States Meret Orazov, and Uzbek Ambassador to the United States Abdulaziz Kamilov.

The TIFA creates a United States-Central Asia Council on Trade and Investment that will consider a wide range of issues that include, but are not limited to, intellectual property, labor, environmental issues, and enhancing the participation of small and medium-sized enterprises in trade and investment. The TIFA Council will establish an ongoing dialogue which will help increase commercial and investment opportunities by identifying and working to remove impediments to trade and investment flows between the United States and Central Asia.

The United States has TIFAs with a number of countries in order to enhance trade ties and coordinate regionally and multilaterally through regular senior-level discussions on trade and economic issues.

Regular, ongoing dialogues established through TIFAs

with other countries and regions have been very successful and have led to concrete, positive results. The Central Asia TIFA would complement the ongoing efforts of the three Central Asian countries currently negotiating accession to the WTO (Kazakhstan, Tajikistan and Uzbekistan) and U.S. cooperation with Kyrgyzstan as a WTO member.

Background:

The five countries of Central Asia have a combined population of 55.9 million. U.S. imports from Central Asia totaled \$570.5 million in 2003; U.S. exports amounted to \$548.1 million in that same year. Major exports to the region include machinery and equipment, chemicals, agricultural products and aircraft. Major imports from Central Asia include mineral fuels, chemicals, textiles, metals and cotton.

The United States is aggressively working to open markets globally, regionally, and bilaterally and to expand American opportunities in overseas markets. In a January 2004 letter to the 146 WTO members, Zoellick urged Members to revive the global trade talks. In February Zoellick traveled over 30,000 miles and met with over 40 WTO members in strategic consultations. Immediately following that trip, Zoellick traveled to San Jose, Costa Rica for meetings February 23-24 with ministers from the Cairns Group of agriculture exporting countries to discuss liberalizing trade in agriculture within ongoing World Trade Organization (WTO) trade negotiations.

U.S., MEXICO AGREE TO RESOLVE TELECOMMUNICATIONS DISPUTE

Agreement implements WTO recommendations

The United States and Mexico reached agreement June 1 to resolve their ongoing dispute over international telecommunications services before the World Trade Organization (WTO), according to a joint statement issued by the Office of the U.S. Trade Representative and Mexico's Secretariat of Economy.

Annual telephone services between the United States and Mexico are worth over \$2 billion and, in their June 1 joint statement, the U.S. and Mexican governments noted that their agreement implements recommendations

included in a WTO report released April 2 and formally adopted June 1.

Following is the text of the U.S.-Mexico joint statement:

U.S. And Mexico Reach Agreement To Resolve Telecom Dispute

Washington, D.C. and Mexico City -- The United States and Mexico reached an agreement today to resolve their ongoing WTO dispute over international telecommunications services. The agreement implements recommendations included in the WTO panel report released on April 2, 2004, and formally adopted today.

The main features of the agreement notified to the WTO Dispute Settlement Body are:

-- Mexico will remove the provisions of Mexican Law relating to the proportional return system, uniform tariff system, and the requirement that the carrier with the greatest proportion of outgoing traffic to a country negotiate the settlement rate on behalf of all Mexican carriers for that country. Both countries believe that the elimination of these provisions will allow the competitive commercial negotiations of international settlement rates.

-- Mexico will allow the introduction of resale-based international telecommunications services in Mexico by 2005, in a manner consistent with Mexican law.

--The United States recognizes that Mexico will continue to restrict International Simple Resale (use of leased lines to carry cross-border calls) to prevent the unauthorized carriage of telecommunications traffic.

The annual volume of traffic between the two countries is over six billion minutes, representing services worth over two billion dollars.

Background

In order to place a telephone call from one country into another, carriers must generally connect into the second country's telecommunications network. This is commonly done by either paying a carrier in the other country for assistance in completing the call, or by leasing a telephone line in the other country and routing calls over that leased line (commonly referred to as "ISR"). In February 2002, the United States requested a WTO panel to address restrictions imposed by Mexico on international telecommunications services between the two

countries. In a report released in April 2004, the panel recommended that Mexico remove certain restrictions on the commercial negotiation of international settlement rates, but concluded that Mexico should be allowed to maintain restrictions on ISR. The panel also concluded that Mexico should allow the resale of international services from Mexico to other countries.

USAID PROVIDES ASSISTANCE TO FLOOD-STRICKEN HAITI

Aid agency encourages donations to nongovernmental organizations

The U.S. Agency for International Development (USAID) is providing help to the people of Haiti suffering in the aftermath of serious flooding. In a May 28 press release, USAID said it is sending \$50,000 in assistance to its mission in the Caribbean nation, and is donating another \$40,000 to the relief efforts being conducted by the nongovernmental organization Catholic Relief Services.

USAID cites estimates that as many as 571 people have been killed since heavy rains caused rivers to overflow, flooding villages and destroying homes near the southern border of Haiti and the Dominican Republic.

USAID is encouraging cash donations to the American Red Cross and World Vision, two nongovernmental organizations contributing to the relief effort.

Please Note: Most texts and transcripts mentioned in the U.S. Mission Daily Bulletin are available via our homepage www.usmission.ch. Select "Washington File" from the drop-down menu under "News."